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03**BEFORE THE ARIZONA CORPORATION**KRISTIN K. MAYES
Chairman

Arizona Corporation Commission

GARY PIERCE

DOCKETED

Commissioner

DEC 10 2010

SANDRA KENNEDY

Commissioner

PAUL NEWMAN

Commissioner

BOB STUMP

Commissioner

DOCKETED BY

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IN THE MATTER OF THE APPLICATION
OF WILHOIT WATER COMPANY, INC. -
THUNDERBIRD MEADOWS SYSTEM, AN
ARIZONA CORPORATION, FOR
APPROVAL OF FINANCINGDOCKET NOS. W-02065A-07-0306
W-02065A-07-0307
W-02065A-07-0312
W-02065A-08-0138DECISION NO. 72006**ORDER AMENDING
DECISION NO. 71234**Open Meeting
November 22 and 23, 2010
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT**Introduction and Background**

1. On August 6, 2009, the Arizona Corporation Commission ("Commission") issued Decision No. 71234 which, among other things, authorized Wilhoit Water Company, Inc. - Thunderbird Meadows System ("Company") to incur long-term debt financing from the Water Infrastructure Finance Authority ("WIFA") in the amount of \$145,877 at an interest rate no greater than prime plus 2 percent, over 20 years, for the purpose of funding improvements to the Company's storage capacity.

2. That Decision also approved incorporation of an infrastructure surcharge mechanism. Implementation of the actual surcharge was authorized in Decision No. 71905, issued September 28, 2010.

1 3. On March 10, 2010, pursuant to A.R.S. § 40-252, the Company filed a request to
2 reopen the dockets and modify the loan amount that was authorized in Decision No 71234.

3 4. According to the Company, the United States Environmental Protection Agency
4 issued a memorandum declaring that all loans issued by WIFA must comply with Davis-Bacon
5 Act Wage Requirements. To comply with all of the requirements of Davis-Bacon, the contractor
6 selected by the Company was forced to revise the costs needed to install the new storage capacity.

7 5. The Company asserted that the additional costs to comply with the Davis-Bacon
8 requirements amount to \$14,123; therefore, the Company requested that Decision No. 71234 be
9 amended to authorize it to borrow \$160,000 to complete the storage project.

10 6. In a Commission Staff meeting held August 31, 2010, the Commission voted to
11 reopen the above-referenced dockets in order to reconsider Decision 71234, per the Company's
12 request.

13 **Revised Estimated Loan Payments**

14 7. Based on an amended WIFA loan amount of \$160,000 and a 3.675 percent interest
15 rate, Staff calculates that the Company would need an additional \$5,521 and \$5,788 annually for
16 principal and interest, respectively, for a total of \$11,309 for debt service on the loan. This results
17 in an increase of only about \$1,000 over the previously-approved annual loan payment amount of
18 \$10,310.

19 **Conclusions and Recommendations**

20 8. Staff concludes that authorization of an additional \$14,123, which equates to a
21 revised WIFA loan amount of \$160,000, to ensure that the Company is compliant with the Davis-
22 Bacon Act, is reasonable and appropriate.

23 9. Staff recommends that the Commission amend Decision No. 71234 and revise the
24 Company's authorized loan amount to be \$160,000, subject to the same financing conditions as
25 specified in that Decision.

26 10. We find that Staff's conclusions and recommendations are reasonable and
27 appropriate and should be adopted.

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CONCLUSIONS OF LAW

1. The Company is a public service corporation within the meaning of Article XV of the Arizona Constitution.

2. The Commission has jurisdiction over the Company and of the subject matter of the application pursuant to A.R.S. §§ 40-250 and 40-252.

3. It is in the public interest to amend Decision No. 71234 to modify the approved loan amount as discussed herein.

ORDER

IT IS THEREFORE ORDERED that Decision No. 71234 is amended to modify the approved loan amount to be \$160,000.

IT IS FURTHER ORDERED that all other ordering paragraphs of Decision No. 71234 shall remain in effect.

IT IS FURTHER ORDERED that Wilhoit Water Company, Inc.'s Thunderbird Meadows System is hereby authorized to engage in any transactions and to execute any documents necessary to effectuate the authorization granted herein.

IT IS FURTHER ORDERED that such authority is expressly contingent upon Wilhoit Water Company, Inc.'s Thunderbird Meadows System use of the proceeds for the purposes set forth in its application.

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IT IS FURTHER ORDERED that Wilhoit Water Company, Inc.'s Thunderbird Meadows System shall file, within 60 days of obtaining such financing, with the Commission's Docket Control, as a compliance item in this docket, copies of all executed financing documents setting forth the terms of the additional financing.

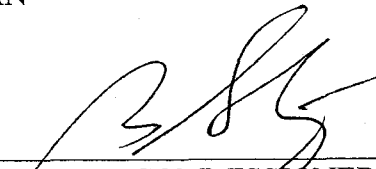
IT IS FURTHER ORDERED that this Decision shall become effective immediately.

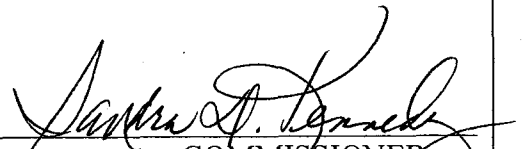
BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION


CHAIRMAN

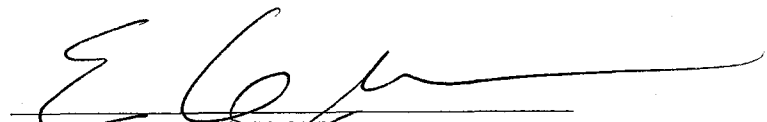

COMMISSIONER


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COMMISSIONER

IN WITNESS WHEREOF, I, ERNEST G. JOHNSON, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 10th day of December, 2010.


ERNEST G. JOHNSON
EXECUTIVE DIRECTOR

DISSENT: _____

DISSENT: _____

SMO:JMM:lhmm\JMA

1 SERVICE LIST FOR: Wilhoit Water Company, Inc. – Thunderbird Meadows System
2 DOCKET NOS. W-02065A-07-0306, W-02065A-07-0307, W-02065A-07-0312, and
3 W-02065A-08-0138
4

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11 Mr. Steven M. Olea
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